

**UNITED WAY  
OF SENECA COUNTY, INC.  
FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

UNITED WAY OF SENECA COUNTY, INC.

TABLE OF CONTENTS

---

<b><u>AUDITED FINANCIAL STATEMENTS</u></b>	<b><u>PAGE</u></b>
INDEPENDENT AUDITORS' REPORT	1
STATEMENTS OF FINANCIAL POSITION	2
STATEMENTS OF ACTIVITIES	3
STATEMENTS OF CASH FLOWS	4
STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2011	5
STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2010	6
NOTES TO FINANCIAL STATEMENTS	7 - 10



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
United Way of Seneca County, Inc.  
Waterloo, New York

We have audited the accompanying statements of financial position of United Way of Seneca County, Inc. (a nonprofit organization) as of December 31, 2011 and 2010, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Seneca County, Inc. as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*EFP Rotenberg, LLP*

EFP Rotenberg, LLP  
Corning, New York  
April 30, 2012

**UNITED WAY OF SENECA COUNTY, INC.**  
**Statements of Financial Position**  
**December 31, 2011 and 2010**

	<u>2011</u>	<u>(Restated)</u> <u>2010</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 140,747	\$ 309,757
Pledges receivable - net	176,133	170,679
Refundable tax credit	507	1,644
Prepaid expenses	5,406	-
Other assets	1,000	1,000
Total current assets	323,793	483,080
<b>Investments</b>	128,947	120,410
<b>Property and Equipment - Net</b>	5,725	9,704
<b>Total Assets</b>	\$ 458,465	\$ 613,194
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 48	\$ 1,061
Accrued payroll and withholdings	3,194	2,274
Compensated absences	14,384	9,775
Refundable advance	-	109,741
Deferred grant revenue	903	-
Allocations payable	98,500	114,850
Funds held for others	11,900	22,487
Total current liabilities	128,929	260,188
<b>Net Assets</b>		
Unrestricted	24,826	77,934
Temporarily restricted	304,710	275,072
Total net assets	329,536	353,006
<b>Total Liabilities and Net Assets</b>	\$ 458,465	\$ 613,194

The accompanying notes are an integral part of these financial statements.

**UNITED WAY OF SENECA COUNTY, INC.**  
**Statements of Activities**  
**For the Years Ended December 31, 2011 and 2010**

	<b>2011</b>		<b>(Restated) 2010</b>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Public Support and Revenue</b>						
Funds raised	\$ 44,255	\$ 303,807	\$ 348,062	\$ 36,987	\$ 275,072	\$ 312,059
Special events	18,916	-	18,916	11,688	-	11,688
Grants	121,415	903	122,318	7,961	-	7,961
Bank interest	1,837	-	1,837	5,264	-	5,264
Investment income	1,545	-	1,545	4,495	-	4,495
Unrealized gain (loss) on investments	(873)	-	(873)	442	-	442
Fees	6,717	-	6,717	4,373	-	4,373
Miscellaneous income	7,699	-	7,699	2,621	-	2,621
Sub-total	201,511	304,710	506,221	73,831	275,072	348,903
Net assets released from restrictions	275,072	(275,072)	-	314,351	(314,351)	-
Total public support and revenue	476,583	29,638	506,221	388,182	(39,279)	348,903
<b>Allocations, Distributions, and Expenses</b>						
Allocations to agencies	202,000	-	202,000	227,844	-	227,844
Distributions to other United Ways	11,970	-	11,970	11,236	-	11,236
Other services	215,922	-	215,922	214,924	-	214,924
Total program services	429,892	-	429,892	454,004	-	454,004
Management and general	79,768	-	79,768	65,900	-	65,900
Fundraising expenses	20,031	-	20,031	13,603	-	13,603
Total allocations, distributions, and expenses	529,691	-	529,691	533,507	-	533,507
<b>Change in Net Assets</b>	(53,108)	29,638	(23,470)	(145,325)	(39,279)	(184,604)
<b>Net Assets - Beginning</b>	77,934	275,072	353,006	223,259	314,351	537,610
<b>Net Assets - Ending</b>	\$ 24,826	\$ 304,710	\$ 329,536	\$ 77,934	\$ 275,072	\$ 353,006

The accompanying notes are an integral part of these financial statements.

**UNITED WAY OF SENECA COUNTY, INC.**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2011 and 2010**

	<u>2011</u>	<u>(Restated)</u> <u>2010</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (23,470)	\$ (184,604)
Adjustments		
Depreciation	6,736	10,566
Gain on sale of securities	-	(4,470)
Unrealized loss (gain) on investments	873	(442)
Changes in assets and liabilities		
Pledges receivable	(5,454)	(17,386)
Refundable tax credit	1,137	(1,644)
Prepaid expenses	(5,406)	-
Accounts payable	(1,013)	(5,866)
Accrued payroll and withholdings	920	2,274
Compensated absences	4,609	2,835
Refundable advance	(109,741)	-
Deferred grant revenue	903	-
Allocations payable	(16,350)	4,475
Funds held for others	(10,587)	22,487
Net cash flows from operating activities	<u>(156,843)</u>	<u>(171,775)</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	(2,757)	(750)
Proceeds from sale of investments	-	9,578
Purchase of investments	(9,410)	(124,717)
Net cash flows from investing activities	<u>(12,167)</u>	<u>(115,889)</u>
<b>Net Change in Cash and Cash Equivalents</b>	(169,010)	(287,664)
<b>Cash and Cash Equivalents - Beginning</b>	<u>309,757</u>	<u>597,421</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 140,747</u>	<u>\$ 309,757</u>

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF SENECA COUNTY, INC.  
Statement of Functional Expenses  
For the Year Ended December 31, 2011  
(With Comparative Totals for 2010)

	<u>PROGRAM SERVICES</u>				<u>SUPPORTING SERVICES</u>			<u>Total Functional Expenses</u>
	<u>Community Building</u>	<u>OASAS Grant</u>	<u>Other Services</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2011</u>	
Salaries	\$ 69,581	\$ 30,232	\$ 10,378	\$ 110,191	\$ 17,467	\$ 1,017	\$ 128,675	\$ 148,705
Payroll taxes	7,088	3,080	1,058	11,226	1,780	104	13,110	15,109
Employee benefits	14,571	6,331	2,173	23,075	2,279	213	25,567	26,718
<b>Total Salaries and Related Expenses</b>	<b>91,240</b>	<b>39,643</b>	<b>13,609</b>	<b>144,492</b>	<b>21,526</b>	<b>1,334</b>	<b>167,352</b>	<b>190,532</b>
Advertising	1,736	-	-	1,736	-	3,596	5,332	1,572
Bank charges	-	800	760	1,560	699	-	2,259	3,727
Consulting	-	27,745	6,165	33,910	6,460	-	40,370	19,501
Depreciation	-	-	-	-	6,736	-	6,736	10,566
Dues and subscriptions	180	-	-	180	4,669	1,525	6,374	6,750
Equipment rental and repairs	40	110	-	150	2,563	-	2,713	3,086
Insurance	-	-	-	-	2,622	-	2,622	6,719
Legal and professional	-	-	-	-	4,500	-	4,500	5,015
Miscellaneous	-	-	467	467	-	-	467	-
Office expense	641	3,405	3,202	7,248	2,222	1,649	11,119	3,294
Postage	590	732	-	1,322	417	1,258	2,997	1,929
Printing	1,381	671	500	2,552	2,266	321	5,139	7,531
Program materials	385	4,851	2,349	7,585	205	7,490	15,280	7,105
Provisions for uncollectible pledges	-	-	-	-	6,904	-	6,904	-
Rent	-	1,000	2,000	3,000	14,280	-	17,280	15,046
Scholarships	1,000	-	-	1,000	-	-	1,000	2,000
Software	579	-	770	1,349	1,996	245	3,590	2,858
Telephone	-	581	1,350	1,931	1,173	-	3,104	4,518
Training	329	-	-	329	279	-	608	1,285
Travel	286	4,247	2,578	7,111	251	2,613	9,975	1,393
Total other expenses	7,147	44,142	20,141	71,430	58,242	18,697	148,369	103,895
<b>Total Functional Expenses</b>	<b>\$ 98,387</b>	<b>\$ 83,785</b>	<b>\$ 33,750</b>	<b>\$ 215,922</b>	<b>\$ 79,768</b>	<b>\$ 20,031</b>	<b>\$ 315,721</b>	<b>\$ 294,427</b>

The accompanying notes are an integral part of these financial statements.

**UNITED WAY OF SENECA COUNTY, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2010**

	<u>PROGRAM SERVICES</u>			<u>SUPPORTING SERVICES</u>			<u>Total Functional Expenses</u>
	<u>Community Building</u>	<u>After School Care</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
Salaries	\$ 73,624	\$ 42,478	\$ 116,102	\$ 32,050	\$ 553	\$	\$ 148,705
Payroll taxes	7,555	4,307	11,862	3,191	56		15,109
Employee benefits	14,777	6,926	21,703	4,775	240		26,718
<b>Total Salaries and Related Expenses</b>	<b>95,956</b>	<b>53,711</b>	<b>149,667</b>	<b>40,016</b>	<b>849</b>		<b>190,532</b>
Advertising	318	-	318	-	1,254		1,572
Bank charges	540	1,435	1,975	1,741	11		3,727
Consulting	9,444	3,825	13,269	3,032	3,200		19,501
Depreciation	7,396	-	7,396	3,170	-		10,566
Dues and subscriptions	3,657	15	3,672	1,458	1,620		6,750
Equipment rental and repairs	2,268	633	2,901	185	-		3,086
Insurance	1,291	4,875	6,166	553	-		6,719
Legal and professional	-	-	-	5,015	-		5,015
Office expense	2,599	184	2,783	511	-		3,294
Postage	426	25	451	464	-		1,929
Printing	3,344	-	3,344	107	1,014		7,531
Program materials	729	3,767	4,496	1,034	4,080		7,105
Rent	5,656	3,735	9,391	5,655	1,575		15,046
Scholarships	2,000	-	2,000	-	-		2,000
Software	2,001	346	2,347	511	-		2,858
Telephone	1,189	2,140	3,329	1,189	-		4,518
Training	360	100	460	825	-		1,285
Travel	-	959	959	434	-		1,393
Total other expenses	43,218	22,039	65,257	25,884	12,754		103,895
<b>Total Functional Expenses</b>	<b>\$ 139,174</b>	<b>\$ 75,750</b>	<b>\$ 214,924</b>	<b>\$ 65,900</b>	<b>\$ 13,603</b>	<b>\$</b>	<b>\$ 294,427</b>

The accompanying notes are an integral part of these financial statements.

**UNITED WAY OF SENECA COUNTY, INC.**  
**Notes to Financial Statements**

---

**Note 1. Summary of Significant Accounting Policies and Nature of Organization**

**Nature of Organization** - The United Way of Seneca County, Inc. (the "Agency") is a nonprofit fund raising, fund distribution and community service agency. The mission of the Agency is to effectively mobilize the caring power of the community to help people improve their lives. The Agency raises funds on an annual basis through employee payroll deductions at the workplace and corporate contributions. A volunteer Board of Directors provides governance over the Agency.

**Method of Accounting** - The Agency maintains its books and prepares its financial statements on the accrual basis of accounting.

**Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Basis of Presentation** - Under ASC 958, *Not-for-Profit Entities*, the Agency is required to report information regarding its financial position and activities according to separate unrestricted, temporarily restricted, and permanently restricted classes of net assets. Contributions with donor or grantor restrictions that limit the use of donated assets are reported as temporarily or permanently restricted support in the statement of activities. When donor or grantor restrictions expire, temporarily restricted net assets are reclassified as unrestricted and reported in the statement of activities as net assets released from restrictions.

Net assets are reported in the statement of financial position as temporarily restricted and unrestricted, according to the intentions of donors and the board approved by-laws. Temporarily restricted net assets consist of contributions received in advance of the subsequent year campaign plus other contributions restricted to specific uses or time periods by donors. There were no permanently restricted net assets as of December 31, 2011 and 2010.

**Cash and Cash Equivalents** - For the purpose of the statements of financial position and statements of cash flows, cash and cash equivalents include deposits and all highly liquid investments with an original maturity of three months or less. The Agency maintains cash and cash equivalents at financial institutions which periodically may exceed federally insured limits.

**Investments** - Investments are presented in the financial statements at fair market value as determined by the related professional managers. The net increase or decrease in the fair market value of investments is reflected in the appropriate statements of activities. In September 2006, the Financial Accounting Standards Board ("FASB") issued ASC 820, *Fair Value Measurement*. This standard defines fair value, establishes a framework for measuring fair value in accounting principles generally accepted in the United States, and expands disclosures about fair value measurements. The fair value of investments is disclosed in Note 3.

**Property and Equipment** - Property and equipment purchased in excess of \$1,000 is capitalized and recorded at cost. Donated items are recorded at fair market value. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. Property and equipment has depreciable lives between five and twenty years.

**Compensated Absences** - An employee of the Agency can carry up to 150% of the maximum amount of annual accrued vacation time at any one time. The maximum amount of annual vacation is dependent upon years of service with the Agency. Salary will be paid in lieu of vacation only on termination.

**UNITED WAY OF SENECA COUNTY, INC.**  
**Notes to Financial Statements**

**Allocations Payable** - The Agency allocates campaign pledges to other agencies on a twelve-month cycle which runs from July 1 to June 30 each year. The amount accrued in allocations payable at December 31, 2011 and 2010 represents the final six months of the 2011 and 2010 campaign pledges to be paid to other agencies, respectively.

**Revenue Recognition** - ASC 958, *Not-for-Profit Entities*, requires that contributions received be recognized as revenues or gains in the period received. Such contributions include unconditional promises to give, in the form of pledges. Contributions made are recognized in the period made and include unconditional promises to give, in the form of allocations. Contributions receivable are expected to be collected within one year. An allowance for uncollectible accounts is recorded based on management's evaluation of the existing promises to give.

Out-of-county pledges collected by various United Way agencies on behalf of the Agency are accounted for when the cash is received since the amount of pledges are not generally disclosed to the Agency until after the end of each fiscal year. The effect of recording pledges when received rather than when made, in accordance with generally accepted accounting principles, is deemed immaterial.

**Functional Expenses** - Expenses are charged to each program based on direct expenditures incurred. Any program expenditures not directly chargeable are allocated to programs based on units of service. Program expenses are categorized as either Community Building, OASAS grant, After School Care or other program services.

**Income Taxes** - The Agency is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Agency's tax-exempt purpose is subject to taxation as unrelated business income.

In accordance with ASC 740-10-50, *Accounting for Uncertainty in Income Taxes*, the Agency recognizes the tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities. Management believes that the Agency is currently operating in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no liability for unrecognized tax benefits has been included on the Agency's financial statements. The exempt Agency's informational returns are subject to audit by various taxing authorities and its open audit periods are 2008 through 2011.

**Subsequent Events** - In accordance with ASC 855-10, *Subsequent Events*, the Agency evaluated subsequent events through April 30, 2012, the date these financial statements were available to be issued.

**Note 2. Pledges Receivable**

Pledges receivable and the related allowance for uncollectible pledges consisted of the following at December 31:

	<u>2011</u>	<u>2010</u>
Gross pledges receivable	\$ 191,133	\$ 185,679
Less, allowance for uncollectible pledges	(15,000)	(15,000)
Pledges receivable - net	<u>\$ 176,133</u>	<u>\$ 170,679</u>

**UNITED WAY OF SENECA COUNTY, INC.**  
**Notes to Financial Statements**

**Note 3. Investments**

The Agency has determined the fair value of investments through the application of ASC 820, *Fair Value Measurement*, which places assets into one of three levels. Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets using level 3 inputs are primarily valued using management's analysis about the assumptions market participants would utilize in pricing the asset. Valuation techniques utilized to determine fair value are consistently applied.

Investments are considered to be level 1 inputs and consisted of the following at December 31:

	<u>2011</u>	<u>2010</u>
Cash and cash equivalents	\$ 22,342	\$ 9,942
Common stock	-	4,688
Mutual funds - World Allocation	106,605	105,780
Total investments	\$ 128,947	\$ 120,410

**Note 4. Property and Equipment**

Property and equipment consisted of the following at December 31:

	<u>2011</u>	<u>2010</u>
Equipment, furniture and fixtures	\$ 92,607	\$ 95,859
Less, accumulated depreciation	(86,882)	(86,155)
Property and equipment - net	\$ 5,725	\$ 9,704

**Note 5. Refundable Advances**

During the year ended December 31, 2009, the Agency received a restricted grant from the State Education Department that contained donor conditions. Since this grant represents conditional promises to give, it is not recorded as contribution revenue until the donor conditions set forth in the grant are met. Funds received from the donor in advance of the conditions being met totaled \$109,741 and was recorded as refundable advances in the December 31, 2010, financial statements. Conditions of the grant were not met, revised or waived and the refundable advance was required to be returned to the State Education Department during the year ended December 31, 2011.

**Note 6. Lease Commitment and Rent Expense**

The Agency leases a copier for a monthly payment of \$216. The lease agreement for this copier expires on June 30, 2012.

The Agency leases office space at its current location for a monthly rate of \$1,350. This lease expires in June 2012.

Future minimum payments under these obligations for the year ending December 31, 2012, are \$9,396.

**Note 7. Concentration of Revenue**

During the years ended December 31, 2011 and 2010, the Agency received approximately 47% and 38%, respectively, of its support from one donor and its employees.

**UNITED WAY OF SENECA COUNTY, INC.**  
**Notes to Financial Statements**

---

**Note 8. Temporarily Restricted Net Assets**

Temporarily restricted net assets consisted of the following at December 31:

	<u>2011</u>	<u>2010</u>
2012 campaign	\$ 303,807	\$ -
2011 campaign	-	275,072
OASAS grant funds	903	-
Total temporarily restricted net assets	<u>\$ 304,710</u>	<u>\$ 275,072</u>

**Note 9. Reclassifications**

Certain reclassifications have been made to the financial statements for the year ended December 31, 2010, to conform to the 2011 presentation. These reclassifications are for comparative purposes only and have no effect on the change in net assets as originally reported.

**Note 10. Prior Period Adjustment**

During the year ended December 31, 2011, the Agency began properly recording compensated absences. This resulted in a restatement of beginning net assets for the year ended December 31, 2010, in the amount of \$6,940. This restatement had a \$2,835 effect on the change in net assets for the year ended December 31, 2010, relating to the change in accrued compensated absences from December 31, 2009 until December 31, 2010.